

Message Text

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72

ORIGIN MC-02

INFO OCT-01 EA-11 ISO-00 PM-07 L-03 DODE-00 EB-11 NSAE-00

RSC-01 TRSE-00 AEC-11 CIAE-00 COME-00 OMB-01 NSC-07

SP-03 SS-20 /078 R

DRAFTED BY PM/MC:KCHUMBORG:JSG

APPROVED BY PM/MC:JWSIPES

EA/RA-DSCIACCHITANO

EA/PHL-ASWIFT

PM/SAS-DMCCLINTOCK

L/PM-TABOREK

DOD-BOXMAN

----- 076613

P 972147Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

C O N F I D E N T I A L STATE 120937

E.O.11652 GDS

TAGS: MILI, RP

SUBJ: M-16 COPRODUCTION AGREEMENT

REF; MANILA'S 6621

1. DEPARTMENT IS APPROVING TECHNICAL ASSISTANCE AND MANUFACTURING AGREEMENTS (MC CASE 35-74) BETWEEN COLT AND GOP WITH PROVISOS. MC HAS INFORMED COLT OF FORTHCOMING APPROVAL AND WILL FURNISH COLT WITH AUTHORIZATION LETTER LISTING PROVISOS AND MINOR WORD CHANGES EARLY NEXT WEEK. ONLY SUBSTANTIAL RESTRICTION WILL REQUIRE COLT TO REMOVE ANY INFERENCE THIRD-COUNTRY SALES AND LIMIT PRODUCTION TO 150,000 RIFLES PLUS SPARE PARTS EQUATING TO 22,500 RIFLES FOR USE IN PHILIPPINES FOR DEFENSIVE MILITARY PURPOSES ONLY.

2. DOD HAS RESTATED ITS MAY 31 POSITION THAT USG WOULD NOT HAVE NEGOTIATED THE MOU IF IT KNEW COLT WAS GOING TO
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DELAY AND EMBARRASS USG BY DICKERING AROUND WITH CONTRACT
SUBSEQUENT TO MOU SIGNING. COLT IS AWARE THAT ANY
FURTHER DELAYS OF THIS NATURE WILL ONLY TEND HAMPER FUTURE

USG PARTICIPATION COLT AGREEMENTS. COLT HAS AGREED TO
"PULL IN HORNS" REGARDING CREDIT DEMANDS. IT APPEARS
AGREEMENT WILL BE FINALIZED DURING FINSEC VIRATA'S NEW
YORK VISIT JUNE 18.

3. WITH DEPARTMENT'S IMPENDING APPROVAL AGREEMENTS COLT
CAN NO LONGER BLAME USG FOR DELAY. DEPARTMENT HAS
REMINDED COLT FURTHER DELAY WILL ONLY RESULT USG/GOP
FRICTION DETREMENTAL USG. DEPARTMENT URGING COLT TO
PROCEED SOONEST. KISSINGER

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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